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TO ALL MEMBERS

TECHNICAL

Tax Incentive for Structured Internship Programme

In response to the email enquiry made by the Institute on 22 December, 2011, Talent Corporation Malaysia Berhad (Talent Corp) has provided clarification as follows:

- 1) What are the types of expenses which would qualify for the double deduction, e.g. monthly allowance, training costs, orientation/induction costs, administrative costs, etc?

The expenses that qualify for the double deduction are all related expenses incurred on the interns. Example:

- *Cash and cash equivalent allowance.*
- *Cost of training offered during the internship programme.*
- *Meals, transport and accommodation allowances.*
- *Payment to the Outsourced Party running or administering the programme.*

- 2) What are the qualifying criteria for a structured internship programme?

The qualifying criteria are:

- *Partnership or companies with share capital – min RM 2.5 m.*
- *Revenue – average RM21m.*
- *Headcounts for Manufacturing – min 100FTEs.*
- *Headcounts for Non-manufacturing – 50 FTEs.*
- *Years of establishment – min 5 years, 3-5 years may be considered if the companies meet above criteria*

- 3) Who is eligible for the internship programme? Is the incentive available to all sectors? Under Section 34(6)(n), the trainee must be a resident and must not be an employee of the claimant. Will the same conditions apply?

Companies that meet the criteria. It is available to all sectors. This internship only applies to local undergraduate students who are pursuing a first degree (or equivalent) and not employees (such as management trainee).

- 4) Are foreign institutes of higher education and foreign students studying in local institutes of higher education allowed to participate in this programme?

No. The double tax deduction is only applicable to Malaysian students from locally based universities only.

- 5) Are participating companies required to be registered with the Ministry of Higher Education or Talent Corporation Malaysia Berhad?

Talent Corporation Malaysia Berhad.

- 6) What are the procedures for participating in this programme?

Kindly visit our website www.talencorp.com.my starting from January 2012.

- 7) Certain universities/colleges provide courses with compulsory practical/vocational training. Are the companies/enterprises participating in providing the training eligible for the incentives?

The companies have to meet the criteria and the structured internship programme has to be endorsed by Talent Corp.

In addition to the above, Talent Corp has also provided the relevant information in [Frequently Asked Questions \(Companies\)](#) and [Frequently Asked Questions \(The Internship Programme\)](#). You may view the document at the website of the Institute.

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